

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of

Correct Solutions, LLC

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File No.: EB-IHD-20-00031695

NAL/Account No.: 202232080007

FRN: 0021620125

**NOTICE OF APPARENT LIABILITY FOR FORFEITURE**

**Adopted: April 1, 2022****Released: April 1, 2022**

By the Acting Chief, Enforcement Bureau:

**I. INTRODUCTION**

1. The Universal Service Fund (USF) is a key component of the Federal Communications Commission's (FCC or Commission) efforts to promote universal service to all Americans. The Commission has directed the Universal Service Administrative Company (USAC) to administer the collection and disbursement of the USF. USAC, in turn, relies on information filed by telecommunications service providers and certain telecommunications providers (collectively, service providers) to determine service providers' contributions responsibilities. To ensure that the information submitted to USAC by service providers is complete, timely, and accurate, the Commission's rules grant USAC the authority to verify any such information and require service providers to maintain records to allow such verification. Service providers also are required to submit those records to USAC and the Commission upon demand. Failure to submit required information, or failure to maintain and provide the records needed to verify that information, undermines the Commission's efforts to maintain the USF. In this case, Correct Solutions, LLC (Correct Solutions or Company) failed repeatedly to respond to directives from USAC, and to retain and provide to USAC records that justify financial and other information reported in its 2019 and 2020 Telecommunications Reporting Worksheets (Worksheets). We therefore propose in this Notice of Apparent Liability for Forfeiture (NAL) a penalty of \$75,000 against Correct Solutions for its failures to cooperate with verification functions performed by USAC on behalf of the Commission, in apparent violation of section 54.711(a) of the Commission's rules.

**II. BACKGROUND**

2. *Legal Framework.* The Communications Act of 1934, as amended (Act) codifies Congress's historical commitment to promote universal service to ensure that consumers in all regions of the nation have access to affordable, quality telecommunications services. In particular, section 254(d) of the Act requires, among other things, that "[e]very telecommunications carrier [providing] interstate telecommunications services . . . contribute, on an equitable and nondiscriminatory basis, to the specific, predictable, and sufficient mechanisms established by the Commission to preserve and advance universal service."<sup>1</sup> In implementing this Congressional mandate, the Commission directed all telecommunications carriers providing interstate telecommunications services to contribute to the USF based upon their interstate and international end-user telecommunications revenues.<sup>2</sup> The Commission also requires

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<sup>1</sup> 47 U.S.C. § 254(d).

<sup>2</sup> 47 CFR § 54.706(b).

certain providers of interstate telecommunications to contribute to the USF.<sup>3</sup> When service providers fail to pay their share of obligations to the USF, they undermine the Congressional mandates embodied in section 254(d) of the Act.<sup>4</sup> Delinquent contributors also obtain an unfair competitive advantage over companies that comply with the universal service provisions of the Act and the Commission's rules.<sup>5</sup> Because an equitable contribution scheme relies on accurate information, the Commission, through USAC, must be able to verify that each service provider is compliant with the Commission's rules, including being able to review documents that support the accuracy of information provided to USAC and the Commission.<sup>6</sup> Thus, a service provider circumventing the vetting of its information or stonewalling reasonable requests from the Commission or USAC frustrates Congress's policy objective to ensure the equitable and non-discriminatory distribution of universal service costs among all service providers.<sup>7</sup>

3. The Commission has established specific procedures to administer the USF. Each service provider required to contribute to the USF is required to file annually an FCC Form 499-A, also known as the Annual Telecommunications Reporting Worksheet (Annual Worksheet),<sup>8</sup> and, with certain exceptions, to file quarterly an FCC Form 499-Q, also known as the Quarterly Telecommunications Reporting Worksheet (Quarterly Worksheet).<sup>9</sup> USAC uses the revenue projections submitted on the Quarterly Worksheets to determine each service provider's monthly universal service contribution amount.<sup>10</sup> The Commission's rules explicitly warn service providers that failure to file timely forms or submit timely USF payments potentially subjects them to enforcement action.<sup>11</sup> The Commission's rules also require that the information contained in the forms must be truthful and that the USF payments must be accurate.<sup>12</sup>

4. In order to further the goals of truthfulness and accuracy, section 54.711(a) of the Commission's rules provides that USAC has the authority to verify any information contained in Annual and Quarterly Worksheets.<sup>13</sup> Filers are required to maintain records and documentation to justify the

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<sup>3</sup> See 47 U.S.C. § 254(d) ("Any other provider of interstate telecommunications may be required to contribute to the preservation and advancement of universal service if the public interest so requires.").

<sup>4</sup> See *Telseven, LLC*, Notice of Apparent Liability for Forfeiture, 27 FCC Rcd 6636, 6637, para. 2 (2012) (*Telseven NAL*), *forfeiture issued*, Forfeiture Order, 31 FCC Rcd 1629 (2016).

<sup>5</sup> See *id.*

<sup>6</sup> See 47 CFR § 54.711(a); see also *id.* at § 54.706(e).

<sup>7</sup> See 47 U.S.C. § 254(d).

<sup>8</sup> See 47 CFR § 54.711; *Telseven NAL*, 27 FCC Rcd at 6637, para. 2. Within 30 days of beginning to provide service, new service providers must register with the Commission by obtaining an FCC registration number (FRN) from the Commission registration system (CORES) and obtaining a Filer ID from USAC's E-File system. *Wireline Competition Bureau Releases the 2020 Telecommunications Reporting Worksheets and Accompanying Instructions*, Public Notice, 35 FCC Rcd 1350, 1372 (WCB 2020) (2020 Form 499 Public Notice).

<sup>9</sup> See 47 CFR § 54.711; *Telseven NAL*, 27 FCC Rcd at 6637, para. 2.

<sup>10</sup> Individual universal service contribution amounts that are based upon quarterly filings are subject to an annual true-up based on the Annual Worksheet. See *Federal-State Joint Board on Universal Service*, Report and Order and Order on Reconsideration, 16 FCC Rcd 5748, 5752-53, para. 12 (2001); 47 CFR § 54.711.

<sup>11</sup> 47 CFR § 54.713.

<sup>12</sup> *Id.* at §§ 54.711(a), 54.713. An officer of a company completing an Annual Worksheet must certify, in part, as follows: "I have examined the foregoing report and, to the best of my knowledge, information and belief, all statements of fact contained in this Worksheet are true and that said Worksheet is an accurate statement of the affairs of the above-named company for the previous calendar year." 2020 FCC Form 499-A, Line 605. While the Commission permits revisions to Worksheets in certain circumstances, see 2020 Form 499 Public Notice, 35 FCC Rcd at 1373-74, that opportunity does not affect the separate requirement to submit accurate information in the first instance to the best of the filer's knowledge, information and belief. See 2020 FCC Form 499-A, Line 605.

information reported in the Worksheets, including the methodology used to determine revenue projections, for a period of three years and to provide it to the Commission or USAC upon request.<sup>14</sup> The recordkeeping requirement is necessary to ensure that contributors report correct information on the Worksheets.<sup>15</sup> The Commission and USAC may review records and documentation underlying revenue reported on a contributor's Worksheets to determine whether the contributor is properly reporting revenue, and thus contributing its fair share to the costs of the universal service program.<sup>16</sup>

5. USAC, administrators of other programs arising under the Act, and the Commission rely on the Worksheets service providers file to determine liability for, and subsequent billing and collection of, payments for the USF, and other important federal regulatory mechanisms.<sup>17</sup> The accuracy of the Worksheets is therefore vital. The Commission or USAC can verify the accuracy of a service provider's Worksheet by analyzing supporting documents in the service provider's files. The failure of a service provider to maintain, and provide to the Commission or USAC upon request, records and documentation supporting its Worksheets thwarts the Commission's ability to verify reported revenue, which could result in a smaller base of USF contributions revenues than would otherwise have been reported. Responding to USAC verification directives and maintaining and submitting documentation to USAC upon request, is therefore necessary to ensure the integrity of the USF, and a contributor's failure to comply with these verification functions can impede the very purpose for which Congress enacted section 254(d) – to ensure that every required contributor to the USF “contribute[s], on an equitable and nondiscriminatory basis, to the specific, predictable, and sufficient mechanisms established by the Commission to preserve and advance universal service.”<sup>18</sup> The effect on other programs arising under the Act that rely on assessments of the Worksheets is similar. Indeed, a service provider that impedes the Commission and USAC from verifying the revenue information submitted in its Worksheets can evade its federal obligations to contribute fully toward the vital programs linked to the reporting obligations. As a consequence of this evasion, other service providers shoulder an unfair burden of the USF and other federal regulatory programs arising under the Act.

6. *Factual Background.* Correct Solutions is a “privately held limited liability corporation”<sup>19</sup> that was incorporated in the State of Louisiana on February 13, 2012.<sup>20</sup> The Company is

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<sup>13</sup> 47 CFR § 54.711(a); *see also* 47 CFR § 54.707 (providing that USAC has the authority to audit contributors reporting data to USAC).

<sup>14</sup> *Id.* at § 54.711(a). Additionally, under section 54.706(e) of the Commission's rules, any entity required to contribute to the USF shall retain, for at least five years from the date of the contribution, all records that may be required to demonstrate to auditors that the contributions made were in compliance with the universal service Commission's rules. These records include without limitation the following: financial statements and supporting documentation; accounting records; historical customer records; general ledgers; and any other relevant documentation. *Id.* at § 54.706(e).

<sup>15</sup> *Federal-State Board on Universal Service*, Report and Order and Second Further Notice of Proposed Rulemaking, 17 FCC Rcd 24952, 25791, para. 34 (2002) (*2002 Report and Order and Second Further Notice of Proposed Rulemaking*).

<sup>16</sup> *See* 47 CFR § 54.711(a); *see also id.* at § 54.706(e).

<sup>17</sup> The effective administration of Telecommunications Relay Service, *see id.* at § 64.604; Local Number Portability; *see id.* at § 52.32, the North American Numbering Plan; *see id.* at § 52.17, and federal regulatory fees, *see id.* at §§ 1.1154, 1.1157, rely on the accuracy of the Worksheets.

<sup>18</sup> 47 U.S.C. § 254(d).

<sup>19</sup> The members are “KPL, LLC; P&A Temple Properties, LLC; McConnell Southeast Holdings, LLC.” Response to Letter of Inquiry (LOI), from Mark Lammert, CPA, Compliance Solutions Inc., Consultant to Correct Solutions, LLC, to Jeffrey J. Gee, Chief, Investigations & Hearings Division, FCC Enforcement Bureau, at 1, Response to Question 1 (Feb. 19, 2021) (on file in EB-IHD-20-00031695) (LOI Response).

headquartered in Ruston, Louisiana.<sup>21</sup> Correct Solutions began providing telecommunications services to end users in approximately June 2012, when the Commission approved the Company's application for authority to provide international telecommunications resale service under section 214 of the Act.<sup>22</sup> In addition, Correct Solutions states that it provides inmate calling services and deposit services for inmate accounts.<sup>23</sup>

7. Between April 28, 2020, and March 22, 2021, USAC and the Enforcement Bureau (Bureau) repeatedly tried to verify the accuracy of Correct Solutions' 2019 and 2020 Annual Worksheets, and in particular the accuracy of the reported interstate revenues, total gross billed revenues, and federal universal service fees charged to end users.<sup>24</sup> The Company, however, repeatedly failed to respond, or submitted non-responsive documents and late responses, over the course of this approximately one-year period.<sup>25</sup> In so doing, Correct Solutions repeatedly prevented USAC and the Commission from verifying the accuracy of the reported data in Correct Solutions' 2019 and 2020 Annual Worksheets.

8. Specifically, during the relevant period, Correct Solutions failed to comply with six USAC directives, and one Bureau directive, to provide timely and complete documentation to support revenues reported in the Company's 2019-20 Annual Worksheets. *First*, on April 28, 2020, USAC directed the Company to provide supporting documentation to verify revenues reported in its 2020 Annual Worksheet. Specifically, USAC requested copies of customer invoices from the Company's five largest customers in April 2018, October 2018, April 2019, and October 2019, with a May 19, 2020, deadline to comply. Correct Solutions failed to respond to this directive.<sup>26</sup>

9. *Second*, on July 16, 2020, USAC again directed the Company to provide the documentation by July 30, 2020. The Company provided certain documents to USAC on July 18, 2020, but the Company failed to provide the relevant documentation requested by USAC. Instead, on July 18, 2020, the Company submitted income statements to USAC. However, the revenue identified on the income statements did not match the revenue reported on the Company's 2020 Annual Worksheet. USAC observed that the income statements were possibly for an incorrect calendar year, but in any event the Company did not show how the revenues reported on the 2020 Worksheet were derived from the income statements provided to USAC. Thus, on July 18, 2020, USAC directed the Company to identify the figures on the income statements that were used to determine the reported revenue on the 2020 Annual Worksheet. The Company failed to respond and thus continued to fail to provide USAC with the documentation required to support its 2020 Annual Worksheet.<sup>27</sup>

10. *Third*, on July 21, 2020, USAC informed the Company it did not provide the documentation that USAC directed it to provide to support its 2020 Annual Worksheet, and again

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<sup>20</sup> *Id.* at 1, Response to Question 1.

<sup>21</sup> *Id.*

<sup>22</sup> *Id.* at 3, Response to Question 6; *International Authorizations Granted*, Public Notice, 27 FCC Rcd 6321, Rep. No. TEL-01565 (IB Jun. 14, 2012); *see also* Correct Solutions, LLC Application for International Section 214 Authorization, ITC-214-20120514-00128 (filed May 14, 2012).

<sup>23</sup> LOI Response at 4, Response to Question 11.

<sup>24</sup> Letter from Fred Theobald, Director of Contributor Operations, Universal Services Administrative Company, to Victoria Randazzo, Investigations & Hearings Division, FCC Enforcement Bureau (Mar. 17, 2022) (on file in EB-IHD-20-00031695) (USAC Letter).

<sup>25</sup> USAC Letter.

<sup>26</sup> *Id.* at 1.

<sup>27</sup> USAC Letter at 1.

directed Correct Solutions to provide the supporting documentation by July 28, 2020.<sup>28</sup> The Company informed USAC it would comply, but again the Company did not submit supporting documentation.<sup>29</sup>

11. *Fourth*, on August 6, 2020, USAC directed the Company to provide copies of invoices from 2019 for its five largest customers, which would enable USAC to verify whether or not the Company was properly charging end users a federal universal service fee.<sup>30</sup> USAC also directed the Company to provide a spreadsheet documenting categories of revenues related to inmate phone services for the 2019 calendar year. Additionally, USAC directed the Company to provide documentation supporting a large decrease in non-telecommunications revenue reported in the 2020 Annual Worksheet as compared to the non-telecommunications revenue reported in the 2019 Annual Worksheet. The deadline to comply with these directives was August 13, 2020. On August 6, 2020, Correct Solutions responded stating that the Company does not collect federal universal service fees from end users. Correct Solutions did not provide the supporting documentation that USAC requested. On December 22, 2020, the Company revised its 2019 Annual Worksheet, and contrary to its representation to USAC on August 6, 2020, Correct Solutions reported revenue on the revised Annual Worksheet that showed the Company collected federal universal service fees from customers.<sup>31</sup>

12. Following the Company's repeated documentation failures, USAC referred the Company to the Bureau for investigation of the Company's apparent non-compliance with section 54.711(a) of the Commission's rules.<sup>32</sup> On January 22, 2021, the Bureau issued a LOI to Correct Solutions concerning the Company's compliance with requirements arising under the Act and the Commission's rules.<sup>33</sup> In the LOI, the Bureau directed the Company to provide communications with USAC and supporting documentation concerning the accuracy of the Company's 2015, 2018, 2019, and 2020 Annual Worksheets.<sup>34</sup> Correct Solutions did not submit the supporting documentation requested to verify its Annual Worksheets, and therefore failed to respond to this Bureau directive. The LOI Response was due on February 22, 2021, and Correct Solutions responded on February 19, 2021.<sup>35</sup> Correct Solutions claimed that in order to respond meaningfully to USAC's directives on April 28, July 16, July 21, and August 6, 2020, the Company would have had to "remodel its internal reporting methods, review and amend its P&L Statements,<sup>36</sup> analyze all CDRs<sup>37</sup> produced during the period in question to attempt to determine which calls were local, intrastate, interstate, and international, as well as rework its general

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<sup>28</sup> *Id.*

<sup>29</sup> *Id.*

<sup>30</sup> *Id.* at 2.

<sup>31</sup> *Id.*

<sup>32</sup> USAC Letter at 2.

<sup>33</sup> See Letter from Jeffrey J. Gee, Chief, Investigations & Hearings Division, FCC Enforcement Bureau, to Patrick Temple, Chief Executive Officer, Correct Solutions, LLC (Jan. 22, 2021) regarding compliance with 47 U.S.C. §§ 159(a), 222, 251(e)(2), 254(d); 47 CFR §§ 1.1154, 1.1157, 1.7001, 1.8002, 52.17, 52.32, 54.706, 54.711, 54.712, 64.604, 64.2009(e), 64.2115 (on file in EB-IHD-20-00031695) (LOI).

<sup>34</sup> LOI at 13.

<sup>35</sup> LOI Response.

<sup>36</sup> P&L or a Profit and Loss Statement is a financial statement that summarizes revenues, costs, and expenses incurred during a quarter or fiscal year. Jason Fernando, *Profit and Loss Statement (P&L)* (last visited Mar. 11, 2022) <https://www.investopedia.com/terms/p/plstatement.asp>.

<sup>37</sup> CDR or call detail record is usage information that identifies the origination and destination address of a call, time of day, added toll charges through other networks, and duration of the call or communications session. Law Insider, *Call Detail Record Definition*, <https://www.lawinsider.com/dictionary/call-detail-record> (last visited Mar. 11, 2022).

ledger to map back<sup>38</sup> to specific reporting lines on its 499A's and 499Q's."<sup>39</sup> Contradictorily, the Company also stated that it provided USAC with the necessary supporting documentation in August 2020.<sup>40</sup>

13. After the Bureau issued the LOI, USAC continued to seek the necessary supporting documentation from Correct Solutions. In a *fifth* directive, following the Company's LOI response, on March 4, 2021, USAC directed Correct Solutions to provide documentation supporting the revenue reported in its 2019 and 2020 Annual Worksheets.<sup>41</sup> Specifically, USAC directed the Company to state whether or not it charged end users a federal universal service fee.<sup>42</sup> USAC also directed the Company to provide documentation supporting its reported interstate revenue, and its reported interstate prepaid phone cards revenue.<sup>43</sup> Lastly, USAC directed the Company to report revenues it incorrectly reported as ordinary long distance, which should have been reported as prepaid calling cards revenue or operator and toll calls revenue instead.<sup>44</sup> USAC directed the Company to respond to this directive by March 18, 2021. Again, Correct Solutions did not respond.<sup>45</sup>

14. In a *sixth* directive, on March 22, 2021, USAC again directed the Company to comply by April 5, 2021, with its March 4, 2021, directive regarding the Company's 2019 and 2020 Annual Worksheets.<sup>46</sup> Correct Solutions once again did not comply.<sup>47</sup> To date, USAC has not received the supporting documentation that USAC and the Bureau directed the Company to provide in the April 28, July 16 and 21, and August 6, 2020 directives; and the January 22, March 4 and 22, 2021 directives.<sup>48</sup>

### III. DISCUSSION

15. Based on evidence developed through the Bureau's investigation, the Company apparently violated section 54.711(a) of the Commission's rules by willfully and repeatedly failing to comply with USAC and Commission directives to provide information and documentation supporting the accuracy of Correct Solutions' 2019 and 2020 Worksheets.<sup>49</sup> Specifically, Correct Solutions failed to submit relevant documentation requested by USAC and the Commission by the deadlines established (May 19, July 28 and 30, and August 13, 2020; and February 22, March 18, and April 5, 2021).

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<sup>38</sup> The accounting term "map back" in this context referred to USAC's January 1, 2020, directive to demonstrate how revenues reported in the 2018 Annual Worksheets were derived from the Company's general ledger. USAC Letter at 2, note 3.

<sup>39</sup> LOI Response at 40, Response to Question 40. As discussed below, USAC's documentation directives to the Company were not unusual and were consistent with the Commission's rules.

<sup>40</sup> *Id.* at 17-18, Response to Question 40. On August 6, 2020, the Company responded to USAC stating it did not collect a federal universal service fee from end users, but did not submit the supporting documentation required by the Commission's rules. *See* USAC Letter at 2.

<sup>41</sup> USAC Letter at 3.

<sup>42</sup> *Id.*

<sup>43</sup> *Id.*

<sup>44</sup> *Id.*

<sup>45</sup> *Id.*

<sup>46</sup> *Id.*

<sup>47</sup> *Id.*

<sup>48</sup> *See* USAC Letter; LOI Response.

<sup>49</sup> 47 CFR § 54.711(a).

16. USAC's ability to verify the accuracy of Worksheets is fundamental to implementing the Congressional directive to ensure the equitable and non-discriminatory distribution of universal service costs among all service providers. A USF contributor must timely respond to every directive by USAC to provide documentation supporting information reported in its Worksheets. Contributors have an obligation to respond in a timely, full, and accurate manner in every instance, regardless of the number of times USAC must follow up to obtain or clarify a response. More importantly, the goal of section 54.711(a) of the Commission's rules – to allow USAC to verify submissions to ensure accurate contributions – is frustrated when the Commission and USAC have to make multiple requests, or wait multiple months, to obtain documentation needed to verify the accuracy of Worksheets. We consider each individual failure to respond fully and accurately by a deadline a separate violation of section 54.711(a) of the Commission's rules.<sup>50</sup>

17. Correct Solutions failed to comply with USAC's directives to submit the necessary documentation supporting the Company's 2019 and 2020 Annual Worksheets by the response deadlines (May 19, July 28 and 30, and August 13, 2020; and March 18, and April 5, 2021). USAC received responses from Correct Solutions on July 18, August 6, and December 22, 2020, but the Company failed to submit documentation that supported the Company's 2019 and 2020 Annual Worksheets.<sup>51</sup> Correct Solutions did not comply with USAC's directives, even after it received the Bureau's LOI. Moreover, the Company failed to submit the supporting documentation in response to the Bureau's LOI.<sup>52</sup> Following the LOI, on March 4 and 22, 2021, USAC sent the Company additional directives to comply, and Correct Solutions still has not responded.<sup>53</sup> Correct Solutions' repeated failures to submit the supporting documentation has prevented USAC and the Commission from verifying the accuracy of the Company's 2019 and 2020 Annual Worksheets.

18. We find unpersuasive the Company's claims in its LOI Response that USAC's directives required too much work.<sup>54</sup> USAC's documentation directives were not unusual and were consistent with the Commission's rules. Companies that file Annual Worksheets are required to maintain records and documentation to justify the information reported on the Annual Worksheets, including methodology used to determine projections to allocate interstate revenues.<sup>55</sup> To verify the accuracy of the Company's Worksheets, before the Bureau issued an LOI, USAC directed the Company to provide documentation

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<sup>50</sup> *E.g., Compu-Phone Voice & Data, Inc.*, Notice of Apparent Liability for Forfeiture, 35 FCC Rcd 6573, 6580, para. 14 (EB 2020) (forfeiture paid) ("We consider each individual failure to fully respond by a deadline a separate violation of section 54.711(a) of the Commission's rules.").

<sup>51</sup> The Company submitted income statements to USAC on July 18, 2020, but USAC requested documentation that supports the reported revenue on the Company's 2020 Annual Worksheet. The income statements did not show how the reported revenue amount on the Annual Worksheet was derived from the income statements. Since the Company did not provide the necessary documents to support the reported revenue on the Annual Worksheet, USAC then directed the Company to identify the dollar amounts in the Company's documentation that add up to the reported revenue amount in the Annual Worksheet. The Company did not provide the supporting documents. USAC Letter at 1. On August 6, 2020, the Company responded to USAC but did not include the supporting documentation required. On December 22, 2020, the Company revised its 2019 Annual Worksheet, but did not submit documentation supporting the revised Worksheets. *See id.* at 2.

<sup>52</sup> *See* LOI Response at 17, 18, Response to Question 40.

<sup>53</sup> USAC Letter at 3.

<sup>54</sup> Correct Solutions claimed that in order to respond to USAC's April 28, July 16, July 21, and August 6, 2020, directives, the Company would have had to "remodel its internal reporting methods, review and amend its P&L Statements, analyze all CDRs produced during the period in question to attempt to determine which calls were local, intrastate, interstate, and international, and rework its general ledger to map back to specific reporting lines on its 499A's and 499Q's." LOI Response at 40, Response to Question 40.

<sup>55</sup> *See* 47 CFR § 54.711(a).

that showed whether the Company charged a federal universal service fee, categories of revenues related to inmate phone services, and why there was a large decrease in non-telecommunications revenues.<sup>56</sup> USAC's directives required the Company to submit documentation the Company was required by Commission rules to have when it filed its 2020 Annual Worksheet. The Company was required to maintain the supporting documentation for three years and provide it to the Commission or USAC upon request.<sup>57</sup> Thus, contrary to the Company's claims, Correct Solutions was required to have documentation that supported the revenues reported in the Annual Worksheet when the Company filed the Worksheets and make such documentation available upon request. All filers must possess the information and documentation that supports the accuracy of a Worksheet at the time of the filing and be able to provide the information to the Commission and USAC when directed. The obligation is clearly stated in the Commission's rules and orders, is provided in the instructions to the Worksheets, and has been the subject of prior enforcement efforts.<sup>58</sup>

19. Contradicting its claim that it was too burdensome to provide USAC with documentation supporting its Worksheets, the Company also claimed it provided USAC the supporting documentation in August 2020.<sup>59</sup> The record does not support this contention. The Company's response on August 6, 2020, stating it did not collect a federal universal service fee, did not provide the relevant documentation sought by USAC's repeated directives, and it did not enable USAC to verify the accuracy of Correct Solutions' 2019 and 2020 Annual Worksheets.

20. We thus find that the Company apparently violated section 54.711(a) of the Commission's rules by willfully and repeatedly failing to comply with USAC and Commission directives to provide information and documentation supporting the accuracy of Correct Solutions' 2019 and 2020 Worksheets. Specifically, the Company failed to comply with USAC and the Bureau directives by the May 19, July 28 and 30, and August 13, 2020; and February 22, March 18, and April 5, 2021, deadlines.

#### IV. PROPOSED FORFEITURE

21. Section 503(b) of the Act authorizes the Commission to impose a forfeiture against any entity that "willfully or repeatedly fail[s] to comply with any of the provisions of [the Act] or of any rule, regulation, or order issued by the Commission."<sup>60</sup> For the violations at issue here, section 503(b)(2)(B) of the Act authorizes us to assess a forfeiture against a telecommunications carrier such as the Company of up to \$220,213 for each violation or each day of a continuing violation, up to a statutory maximum of

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<sup>56</sup> USAC Letter at 1-2.

<sup>57</sup> See 47 CFR § 54.711(a); see also *id.* at 54.706(e) ("Any entity required to contribute to the federal universal service support mechanisms shall retain, for at least five years from the date of the contribution, all records that may be required to demonstrate to auditors that the contributions made were in compliance with the Commission's universal service rules. These records shall include without limitation the following: Financial statements and supporting documentation; accounting records; historical customer records; general ledgers; and any other relevant documentation. This document retention requirement also applies to any contractor or consultant working on behalf of the contributor.").

<sup>58</sup> See *US South Communications, Inc.*, Notice of Apparent Liability for Forfeiture, 35 FCC Rcd 12668, 12676, para. 22 (EB 2020) (forfeiture paid); *Compu-Phone Voice & Data, Inc.*, Notice of Apparent Liability for Forfeiture, *LLC*, 35 FCC Rcd 6573, 6583, para. 23 (EB 2020) (forfeiture paid); *Blue Casa Telephone, LLC*, Notice of Apparent Liability for Forfeiture, 35 FCC Rcd 6333, 6344, para. 25 (EB 2020) (forfeiture paid).

<sup>59</sup> LOI Response at 17-18, Response to Question 40. On August 6, 2020, the Company responded to USAC stating it did not collect a federal universal service fee from end users, but the Company did not submit documentation that supported revenues reported in its Annual Worksheet as required by the Commission's rules. See 47 CFR 54.711(a); USAC Letter at 1-2.

<sup>60</sup> 47 U.S.C. § 503(b)(1)(B).



\$2,202,123 for a single act or failure to act.<sup>61</sup> In exercising our forfeiture authority, we must consider the “nature, circumstances, extent, and gravity of the violation and, with respect to the violator, the degree of culpability, any history of prior offenses, ability to pay, and such other matters as justice may require.”<sup>62</sup> In addition, the Commission has established forfeiture guidelines, which establish base penalties for certain violations and identify criteria to consider when determining the appropriate penalty in any given case.<sup>63</sup>

22. The Commission may adopt upward or downward adjustments to forfeitures when appropriate.<sup>64</sup> Under section 1.80 of the Commission’s rules, we may adjust a forfeiture upward for egregious misconduct, ability to pay and relative disincentive, an intentional violation, substantial harm, prior violations of Commission requirements, substantial economic gain, or repeated or continuous violations.<sup>65</sup> We may adjust a forfeiture downward for a minor violation, good faith or voluntary disclosure, a history of overall compliance, or an inability to pay.<sup>66</sup> The forfeiture guidelines listed in section 1.80 of the Commission’s rules specifically “are intended as a guide for frequently recurring violations” and not “a complete or exhaustive list of violations.”<sup>67</sup> Section 1.80 of the Commission’s rules does not specify base forfeitures for the failure to respond fully and timely to USAC directives to submit information and documentation to support the accuracy of a contributor’s Worksheets.

23. Section 503(b)(6)(B) of the Act provides that no forfeiture penalty shall be imposed if “the violation charged occurred more than 1 year prior to the date of issuance of the required notice or notice of apparent liability.”<sup>68</sup> In this case, we propose a forfeiture for the Company’s apparent failure to submit a timely and complete response to USAC’s directive by the April 5, 2021, deadline.

24. As the Commission observed in another USF enforcement action,<sup>69</sup> “the size and scope of the universal service and [other federal regulatory] programs impose a monumental burden on the Commission [and] USAC . . . to verify that each and every carrier has complied with the revenue reporting requirements. By necessity, the Commission and the other entities must rely on carriers’

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<sup>61</sup> See 47 U.S.C. § 503(b)(2)(B); 47 CFR § 1.80(b)(2). These amounts reflect inflation adjustments to the forfeitures specified in section 503(b)(2)(B) of the Act (\$100,000 per violation or per day of a continuing violation and a statutory maximum of \$1,000,000 for a single act or failure to act). See *Amendment of Section 1.80(b) of the Commission’s Rules, Adjustment of Civil Monetary Penalties to Reflect Inflation*, Order, DA 21-1631 (EB Dec. 2021); see also *Annual Adjustment of Civil Monetary Penalties to Reflect Inflation*, 87 Fed. Reg. 396 (Jan. 5, 2022) (setting January 5, 2022, as the effective date for the increases).

<sup>62</sup> 47 U.S.C. § 503(b)(2)(E).

<sup>63</sup> 47 CFR § 1.80(b)(10) (factors considered in determining the amount of the forfeiture penalty).

<sup>64</sup> See *Commission’s Forfeiture Policy Statement & Amendment of Section 1.80 of the Rules to Incorporate the Forfeiture Guidelines*, Report and Order, 12 FCC Rcd 17087, 17110, para. 53 (1997) (citing 47 U.S.C. § 503(b)(2)(E)) (1997 *Forfeiture Guidelines*), *recon. denied*, Memorandum Opinion and Order, 15 FCC Rcd 303 (1999).

<sup>65</sup> 47 CFR § 1.80(b)(10), Table 3 to Paragraph (b)(10). See also 1997 *Forfeiture Guidelines*, 12 FCC Rcd at 17098–99, para. 22 (1997) (noting that “[a]lthough we have adopted the base forfeiture amounts as guidelines to provide a measure of predictability to the forfeiture process, we retain our discretion to depart from the guidelines and issue forfeitures on a case-by-case basis, under our general forfeiture authority contained in Section 503 of the Act”).

<sup>66</sup> 47 CFR § 1.80(b)(10), Table 3 to Paragraph (b)(10).

<sup>67</sup> 1997 *Forfeiture Guidelines*, 12 FCC Rcd at 17109-10, para. 53.

<sup>68</sup> 47 U.S.C. § 503(b)(6)(B).

<sup>69</sup> *Globcom, Inc.*, Notice of Apparent Liability for Forfeiture and Order, 18 FCC Rcd 19893 (2003) (*Globcom NAL*), *forfeiture issued*, Order of Forfeiture, 21 FCC Rcd 4710 (2006) (*Globcom Forfeiture Order*).

compliance with our rules.”<sup>70</sup> To assist the Commission and USAC in this endeavor, the document retention and production Commission’s rules were adopted to ensure the accuracy of each Worksheet and as a result ensure that compliance of USF contributions could be established.<sup>71</sup> The Bureau has previously imposed a \$50,000 forfeiture for a contributor’s failure under section 54.711(a) of the Commission’s rules to maintain documentation that supports revenues reported on Worksheets, and provide it to USAC upon request.<sup>72</sup> We thus propose a \$50,000 base forfeiture against the Company for its failure to submit a timely and complete response to USAC’s directives within the last 12 months, *i.e.*, by the April 5, 2021, deadline.

25. In assessing a forfeiture amount, we consider the nature, extent and gravity of the failure to comply with USAC verification functions to be very serious.<sup>73</sup> USAC’s verification of Worksheets is a vital component of ensuring the integrity of the USF. We have also considered the degree of the Company’s culpability.<sup>74</sup> Contributors have an important obligation to comply with USAC verification functions, and the Company is thus highly culpable for the failures to respond to USAC verification directives, which were repeated in this case.

26. Section 1.80 of the Commission’s rules provides for an upward adjustment to forfeiture amounts for prior violations of any FCC requirements and for repeated or continuous violations.<sup>75</sup> We note that given the accumulating record of non-compliance with section 54.711(a) of the Commission’s rules, service providers contemplating failures to comply with the requirements of the rule are on notice that we are prepared to impose higher upward adjustments in future enforcement actions for prior violations and for repeated or continuous violations. In this case, we apply an upward adjustment of \$25,000, 50 percent of the proposed base forfeiture, because of the repeated nature of the Company’s apparent violations, including the Company’s failures to respond to USAC and Bureau directives to provide information and documentation by the May 19, July 28 and 30, and August 13, 2020; and February 22, March 18, and April 5, 2021, deadlines. A 50 percent upward adjustment is consistent with prior enforcement items. However, future enforcement items could include upward adjustments to 100 percent or more of the proposed base forfeiture.<sup>76</sup> We propose a total forfeiture of \$75,000 against the Company, which includes a \$50,000 base forfeiture for failing to submit information and documentation in response to USAC’s directives by April 5, 2021, and an upward adjustment of \$25,000 for the Company’s repeated and ongoing failures to comply with USAC and Commission directives.

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<sup>70</sup> *Globcom NAL*, 18 FCC Rcd at 19904, para. 30.

<sup>71</sup> See *2002 Report and Order and Second Further Notice of Proposed Rulemaking*, 17 FCC Rcd at 24971, para. 34.

<sup>72</sup> See *US South Communications, Inc.*, Notice of Apparent Liability for Forfeiture, 35 FCC Rcd 12668, 12676, para. 22 (EB 2020) (forfeiture paid); *Compu-Phone Voice & Data, Inc.*, Notice of Apparent Liability for Forfeiture, *LLC*, 35 FCC Rcd 6573, 6583, para. 23 (EB 2020) (forfeiture paid); *Blue Casa Telephone, LLC*, Notice of Apparent Liability for Forfeiture, 35 FCC Rcd 6333, 6344, para. 25 (EB 2020) (forfeiture paid).

<sup>73</sup> See 47 U.S.C. § 503(b)(2)(E).

<sup>74</sup> See *id.*

<sup>75</sup> 47 CFR § 1.80(b)(10), Table 3 to Paragraph (b)(10).

<sup>76</sup> See *Peace Communications, LLC*, Notice of Apparent Liability for Forfeiture, 36 FCC Rcd 11388, 11395, para. 17 (EB 2021) (providing notice that future enforcement actions involving violations of sections 54.711 of the Commission’s rules could apply a further upward adjustment to forfeiture amounts); *Conquest Operator Servs. Corp.*, Order of Forfeiture, 14 FCC Rcd 12518, 12528, para. 20 (1999) (stating that “in light of the accumulating record of non-compliance, we are prepared to impose substantially greater forfeitures in the future” and providing notice on how the Commission could calculate increased forfeitures); see also 47 U.S.C. § 503(b)(2)(B).

27. Consistent with the Act and the Commission's rules,<sup>77</sup> we have exercised our discretion and considered the specific circumstances related to the Company and the violations it apparently committed, and we therefore find the Company apparently liable for a forfeiture of seventy-five thousand dollars (\$75,000) for its willful and repeated failures to comply with USAC and Commission directives to provide information and documentation to support the accuracy of Correct Solutions' Annual Worksheets.<sup>78</sup>

## V. ORDERING CLAUSES

28. Accordingly, **IT IS ORDERED** that, pursuant to section 503(b) of the Act, and 1.80 of the Commission's rules,<sup>79</sup> Correct Solutions, LLC is hereby **NOTIFIED** of this **APPARENT LIABILITY FOR FORFEITURE** in the amount of seventy-five thousand dollars (\$75,000) for apparently, willfully and repeatedly violating section 54.711(a) of the Commission's rules.<sup>80</sup>

29. **IT IS FURTHER ORDERED** that, pursuant to section 1.80 of the Commission's rules,<sup>81</sup> within thirty (30) calendar days of the release date of this Notice of Apparent Liability for Forfeiture, Correct Solutions, LLC **SHALL PAY** the full amount of the proposed forfeiture or **SHALL FILE** a written statement seeking reduction or cancellation of the proposed forfeiture consistent with paragraph 32 below.

30. Correct Solutions, LLC shall send electronic notification of payment to Jeffrey J. Gee at [Jeffrey.Gee@fcc.gov](mailto:Jeffrey.Gee@fcc.gov), Kalun Lee at [Kalun.Lee@fcc.gov](mailto:Kalun.Lee@fcc.gov), Rizwan Chowdhry at [Rizwan.Chowdhry@fcc.gov](mailto:Rizwan.Chowdhry@fcc.gov), David Janas at [David.Janas@fcc.gov](mailto:David.Janas@fcc.gov), and Victoria Randazzo at [Victoria.Randazzo@fcc.gov](mailto:Victoria.Randazzo@fcc.gov) on the date said payment is made. Payment of the forfeiture must be made by credit card, ACH (Automated Clearing House) debit from a bank account, or by wire transfer using the Commission's Registration System (the Commission's FRN Management and Financial system).<sup>82</sup> The Commission no longer accepts Civil Penalty payments by check or money order. Below are instructions that payors should follow based on the form of payment selected:<sup>83</sup>

- Payment by wire transfer must be made to ABA Number 021030004, receiving bank TREAS/NYC, and Account Number 27000001. A completed Form 159 must be faxed to the Federal Communications Commission at 202-418-2843 or e-mailed to [RROGWireFaxes@fcc.gov](mailto:RROGWireFaxes@fcc.gov) on the same business day the wire transfer is initiated.<sup>84</sup> Failure to provide all required information in Form 159 may result in payment not being recognized as having been received. When completing FCC Form 159, enter the Account Number in block number 23A (call sign/other ID), enter the letters "FORF" in block number 24A (payment type code), and enter in block number 11 the FRN(s) captioned above (Payor FRN).<sup>85</sup> For additional

<sup>77</sup> See 47 U.S.C. § 503(b)(2)(E); 47 CFR § 1.80(b)(10), Table 3 to Paragraph (b)(10).

<sup>78</sup> Any entity that is a "Small Business Concern" as defined in the Small Business Act (Pub. L. 85-536, as amended) may avail itself of rights set forth in that Act, including rights set forth in 15 U.S.C. § 657, "Oversight of Regulatory Enforcement," in addition to other rights set forth herein.

<sup>79</sup> 47 U.S.C. § 503(b); 47 CFR § 1.80.

<sup>80</sup> 47 CFR § 54.711(a).

<sup>81</sup> 47 CFR § 1.80.

<sup>82</sup> Payments made using CORES do not require the submission of an FCC Form 159.

<sup>83</sup> For questions regarding payment procedures, please contact the Financial Operations Group Help Desk by phone at 1-877-480-3201 (option #6), or by e-mail at [ARINQUIRIES@fcc.gov](mailto:ARINQUIRIES@fcc.gov).

<sup>84</sup> FCC Form 159 is accessible at <https://www.fcc.gov/licensing-databases/fees/fcc-remittance-advice-form-159>.

<sup>85</sup> Instructions for completing the form may be obtained at <http://www.fcc.gov/Forms/Form159/159.pdf>.

detail and wire transfer instructions, go to <https://www.fcc.gov/licensing-databases/fees/wire-transfer>.

- Payment by credit card must be made by using the Commission's Registration System (CORES) at <https://apps.fcc.gov/cores/userLogin.do>. To pay by credit card, log in using the FCC Username associated to the FRN captioned above. If payment must be split across FRNs, complete this process for each FRN. Next, select "Manage Existing FRNs | FRN Financial | Bills & Fees" from the CORES Menu, then select FRN Financial and the view/make payments option next to the FRN. Select the "Open Bills" tab and find the bill number associated with the NAL Acct. No. The bill number is the NAL Acct. No. with the first two digits excluded (e.g., NAL 1912345678 would be associated with FCC Bill Number 12345678). After selecting the bill for payment, choose the "Pay by Credit Card" option. Please note that there is a \$24,999.99 limit on credit card transactions.
- Payment by ACH must be made by using the Commission's Registration System (CORES) at <https://apps.fcc.gov/cores/paymentFrnLogin.do>. To pay by ACH, log in using the FCC Username associated to the FRN captioned above. If payment must be split across FRNs, complete this process for each FRN. Next, select "Manage Existing FRNs | FRN Financial | Bills & Fees" on the CORES Menu, then select FRN Financial and the view/make payments option next to the FRN. Select the "Open Bills" tab and find the bill number associated with the NAL Acct. No. The bill number is the NAL Acct. No. with the first two digits excluded (e.g., NAL 1912345678 would be associated with FCC Bill Number 12345678). Finally, choose the "Pay from Bank Account" option. Please contact the appropriate financial institution to confirm the correct Routing Number and the correct account number from which payment will be made and verify with that financial institution that the designated account has authorization to accept ACH transactions.

31. Any request for making full payment over time under an installment plan should be sent to Chief Financial Officer—Financial Operations, Federal Communications Commission, 45 L Street, NE, Washington, D.C. 20554.<sup>86</sup> Questions regarding payment procedures should be directed to the Financial Operations Group Help Desk by phone, 1-877-480-3201, or by e-mail, [ARINQUIRIES@fcc.gov](mailto:ARINQUIRIES@fcc.gov).

32. The written statement seeking reduction or cancellation of the proposed forfeiture, if any, must include a detailed factual statement supported by appropriate documentation and affidavits pursuant to sections 1.16 and 1.80(f)(3) of the Commission's rules.<sup>87</sup> The written statement must be mailed to the Office of the Secretary, Federal Communications Commission, 45 L Street, NE, Washington, D.C. 20554, ATTN: Enforcement Bureau – Investigations & Hearings Division, and must include the NAL/Account Number referenced in the caption. The statement must also be e-mailed to Jeffrey J. Gee at [Jeffrey.Gee@fcc.gov](mailto:Jeffrey.Gee@fcc.gov), Kalun Lee at [Kalun.Lee@fcc.gov](mailto:Kalun.Lee@fcc.gov), Rizwan Chowdhry at [Rizwan.Chowdhry@fcc.gov](mailto:Rizwan.Chowdhry@fcc.gov), David Janas at [David.Janas@fcc.gov](mailto:David.Janas@fcc.gov), and Victoria Randazzo at [Victoria.Randazzo@fcc.gov](mailto:Victoria.Randazzo@fcc.gov).

33. The Commission will not consider reducing or canceling a forfeiture in response to a claim of inability to pay unless the petitioner submits the following documentation: (1) federal tax returns for the past three years; (2) financial statements for the past three years prepared according to generally accepted accounting practices; or (3) some other reliable and objective documentation that accurately reflects the petitioner's current financial status.<sup>88</sup> Any claim of inability to pay must specifically identify

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<sup>86</sup> See 47 CFR § 1.1914.

<sup>87</sup> 47 CFR §§ 1.16, 1.80(f)(3).

<sup>88</sup> 47 U.S.C. § 503(b)(2)(E).

the basis for the claim by reference to the financial documentation. Inability to pay, however, is only one of several factors that the Commission will consider in determining the appropriate forfeiture, and we retain the discretion to decline reducing or canceling the forfeiture if other prongs of 47 U.S.C. § 503(b)(2)(E) support that result.<sup>89</sup>

34. **IT IS FURTHER ORDERED** that Correct Solutions, LLC must respond to USAC's March 4, 2021, and March 22, 2021, directives within 30 days after the release of this Notice of Apparent Liability for Forfeiture.

35. **IT IS FURTHER ORDERED** that a copy of this Notice of Apparent Liability for Forfeiture shall be sent by first-class mail and certified mail, return receipt requested, to Patrick Temple, Chief Executive Officer, Correct Solutions, LLC, 182 Bastille Lane, Ruston, LA 71270, and by e-mail to [leeann@correctsolutionsgroup.com](mailto:leeann@correctsolutionsgroup.com).

FEDERAL COMMUNICATIONS COMMISSION

Loyaan A. Egal  
Acting Chief  
Enforcement Bureau

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<sup>89</sup> See, e.g., *Ocean Adrian Hinson, Surry County, North Carolina*, Forfeiture Order, 34 FCC Rcd 7619, 7621, para. 9 & n.21 (2019); *Vearl Pennington and Michael Williamson*, Forfeiture Order, 34 FCC Rcd 770, paras. 18–21 (2019); *Fabrice Polynice, Harold Sido and Veronise Sido, North Miami, Florida*, Forfeiture Order, 33 FCC Rcd 6852, 6860–62, paras. 21–25 (2018); *Adrian Abramovich, Marketing Strategy Leaders, Inc., and Marketing Leaders Inc.*, Forfeiture Order, 33 FCC Rcd 4663, 4678–79, paras. 44–45 (2018); *Purple Communications, Inc.*, Forfeiture Order, 30 FCC Rcd 14892, 14903–904, paras. 32–33 (2015); *TV Max, Inc.*, Forfeiture Order, 29 FCC Rcd 8648, 8661, para. 25 (2014).